

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AS-01 SP-02 USIA-06 AID-05
EB-07 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01
CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 CU-02 OES-07 AGRE-00
/100 W

-----095201 270928Z /10

R 270756Z JUN 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 5450

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

CINCPAC

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USLO PEKING

AMEMBASSY RANGOON

AMEMBASSY ROME

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

COMUSTDC

C O N F I D E N T I A L HONG KONG 7368

NOFORN

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ECON, ETRD, CH

SUBJ: PRC BI-WEEKLY ECONOMIC HIGHLIGHTS, NO. 6

SCIENCE AND TECHNOLOGY CAMPAIGN GAINS MOMENTUM

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1. THE PRC IS STEPPING UP ITS CAMPAIGN TO MODERNIZE SCIENCE AND TECHNOLOGY. THE MOST RECENT SALVO IN SUPPORT OF INCREASED RESEARCH WAS CONTAINED IN EXCERPTS OF AN ARTICLE BY THE THEORETICAL GROUP OF THE CHINESE ACADEMY OF SCIENCES, TITLED "SCIENTIFIC RESEARCH SHOULD ADVANCE AHEAD OF PRODUCTION AND CONSTRUCTION". THE ARTICLE STRESSES THE IMPORTANCE OF SCIENTIFIC RESEARCH AS

A MEANS OF DEVELOPING NEW TECHNOLOGY AND METHODS OF PRODUCTION. THE ARTICLE REITERATES REMARKS BY CHOU EN-LAI AND MORE RECENTLY HUA KUO-FENG EMPHASIZING THE SIGNIFICANCE OF SCIENCE AND TECHNOLOGY IN CHINA'S LONG-TERM DEVELOPMENT. IT ALSO SCORES THE "GANG OF FOUR" FOR THEIR ATTACK ON THE "OUTLINE REPORT", A STUDY COVERING PROBLEMS DEALING WITH SCIENCE AND TECHNOLOGY THAT WAS PREPARED ON TENG HSIAO-PING'S INSTRUCTIONS.

2. ASIDE FROM THIS ARTICLE ON SCIENCE AND TECHNOLOGY, PEKING GAVE CONSIDERABLE PUBLICITY TO THE RECENT DEPARTURE OF A CHINESE SCIENTIFIC DELEGATION TO AUSTRALIA HEADED BY PROFESSOR CHIEN SAN-CHIANG, DEPUTY SECRETARY GENERAL OF THE CHINESE ACADEMY OF SCIENCES AND DIRECTOR OF THE INSTITUTE OF ATOMIC RESEARCH. THIS IS THE FIRST VISIT TO A WESTERN COUNTRY IN TWENTY-FIVE YEARS BY CHIEN, WHO IS DESCRIBED IN HONG KONG'S PRC-CONTROLLED PRESS AS THE "FATHER OF CHINA'S ATOM BOMB". MORE SIGNIFICANT PERHAPS, IT INDICATES PEKING'S READINESS TO ESTABLISH CLOSER TIES WITH THE WESTERN WORLD IN ALL AREAS OF SCIENTIFIC ENDEAVOR, EVEN THOSE THAT THEY HAVE HELD MOST CLOSELY.

3. THE CHINESE HAVE ALSO BEEN MORE FORTHCOMING RECENTLY IN ANNOUNCING NEW DEVELOPMENTS AND TECHNOLOGICAL REQUIREMENTS THAT IMPACT ON THE ADVANCED WEAPONS PROGRAM--PEKING RECENTLY NOTED, FOR EXAMPLE, DEVELOPMENT OF A MACHINE FOR MEASURING THE THRUST OF JET PLANE ENGINES AND ROCKETS. FURTHER, A PEKING RELEASE BY BRITAIN'S VICKERS ENGINEERING GROUP ANNOUNCED THE

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COMPLETION OF A DEAL UNDER WHICH CHINA WILL BUY SPECIALIZED EQUIPMENT FOR DEVELOPING ITS AEROSPACE INDUSTRY. A VISITING PRC INDUSTRIAL DELEGATION TO A WESTERN COUNTRY INDICATED THEIR INTEREST IN PLASMA ARC WELDING TECHNIQUES AND WELDING OF ALUMINUM -- BOTH OF WHICH HAVE HIGH APPLICABILITY IN THE MILITARY-INDUSTRIAL AREA.

TACHAI ENTHUSIASTS URGED TO PLAY BY THE RULES

4. SOME OVERZEALOUS CADRE APPARENTLY HAVE BEEN CIRCUMVENTING THE GROUND RULES IN SEEKING TO ESTABLISH THEIR LOCAL ADMINISTRATIVE UNITS AS TACHAI-TYPE COUNTIES. ACCORDING TO THE COMMENTATOR IN JUNE 9 PEOPLE'S DAILY, SOME CADRE THINK THAT OF THE SIX CRITERIA PROPOSED BY HUA KUO-FENG FOR ESTABLISHING A TACHAI-TYPE COUNTY, THE FIRST THREE ARE MOST IMPORTANT AND HAVE IGNORED THE REST. THE FIRST THREE ARE POLITICAL CRITERIA AND EMPHASIZE THE IMPORTANCE OF LEADERSHIP, CLASS STRUGGLE AND THE PARTICIPATION OF COLLECTIVE LABOR. THE LAST THREE, HOWEVER, ARE PRODUCTION ORIENTED AND CONCERN FARMLAND IMPROVEMENT AND MECHANIZATION; RAISING PRODUCTION AND INCOME OF THE POOR COMMUNES AND BRIGADES, AND URGE OVERALL INCREASES OF AGRICULTURAL OUTPUT AND CONTRIBUTION TO THE STATE. THE PEOPLE'S DAILY POINTS OUT THAT IT IS THE LATTER THREE CRITERIA WHICH

ARE REALLY IMPORTANT.

5. THE GOALS SET BY THE PARTY CENTRAL COMMITTEE IN LEARNING FROM TACHAI ARE TO BUILD ONE-THIRD OF CHINA'S 2,100 COUNTIES INTO TACHAI-TYPE COUNTIES BY 1980. IN OCTOBER 1975, AT THE FIRST NATIONAL CONFERENCE ON LEARNING FROM TACHAI, HUA NOTED

THAT 300 TACHAI-TYPE COUNTIES HAD BEEN ESTABLISHED SINCE 1970. AT THE SECOND TACHAI CONFERENCE IN DECEMBER 1976, VICE PREMIER CHEN YUNG-KUEI INDICATED THAT AN ADDITIONAL ONE HUNDRED COUNTIES IN CHINA HAD JOINED THE RANKS OF TACHAI. WHILE THE GOAL OF BUILDING 700 TACHAI-TYPE COUNTIES BY 1980 DOESN'T APPEAR UNREALISTIC, THERE IS SOME QUESTION HOW EFFECTIVE LOCAL CADRE HAVE BEEN IN IMPLEMENTING THE BASIC PROGRAM OF A TACHAI-TYPE
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ENTERPRISE.
STAGNATION IN THE CHEMICAL FERTILISER INDUSTRY

6. THE HUA GOVERNMENT'S FAILURE TO ANNOUNCE CUMULATIVE GROWTH FIGURES FOR THE CHEMICAL FERTILISER INDUSTRY INDICATES THE INDUSTRY'S PERFORMANCE WAS FAR FROM SATISFACTORY IN THE FIRST MONTHS OF 1977. TO DATE, THE CHINESE HAVE ONLY RELEASED FIGURES CLAIMING TWO PLANTS IN SZECHUAN PROVINCE HAVE OVERFULFILLED THEIR TARGETS. IN A RELATED ITEM, JAPAN RECENTLY SIGNED CONTRACTS TO PROVIDE CHINA 500 THOUSAND METRIC TONS OF UREA AND 150 THOUSAND METRIC TONS OF AMMONIUM SULFATE FOR DELIVERY DURING THE SECOND HALF OF 1977. THESE PURCHASES BRING TO U.S. \$200 MILLION THE AMOUNT OF FERTILIZER PURCHASED FROM JAPAN IN 1977. IN TERMS OF NUTRIENT TONNAGE, THIS YEAR'S IMPORTS FROM JAPAN ARE NEARLY DOUBLE 1976 AND ARE ONLY 7 PERCENT BELOW 1975'S RECORD PURCHASES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC REPORTS, POLITICAL SUMMARIES
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK07368
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770228-0792
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770615/aaaaamvw.tcl
Line Count: 153
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 595ada75-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2023707
Secure: OPEN
Status: NATIVE
Subject: PRC BI-WEEKLY ECONOMIC HIGHLIGHTS, NO. 6 SCIENCE AND TECHNOLOGY CAMPAIGN GAINS MOMENTUM CONFIDENTIAL
TAGS: ECON, ETRD, CH
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/595ada75-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009